

DOCUMENT RESUME

ED 105 024

UD 015 014

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TITLE Growth Control: Some Questions for Urban Decisionmakers.
INSTITUTION Rand Corp., Santa Monica, Calif.
SPONS AGENCY National Science Foundation, Washington, D.C.
REPORT NO R-1419-NSF
PUB DATE Jul 74
NOTE 36p.

EDRS PRICE MF-\$0.76 HC-\$1.95 PLUS POSTAGE
DESCRIPTORS City Demography; City Government; *City Planning; Community Characteristics; Decision Making; Economic Factors; *Economic Research; *Political Issues; *Population Growth; *Public Policy; Urban Areas; Urbanization; Urban Population; Zoning

ABSTRACT

This report is intended to provide urban decisionmakers--mayors, city managers, planning directors, key staff and line officials, city councilmen--and citizen groups with a guide to some of the issues that surround the effort to bring urban growth under control. The report attempts to be neutral in regard to whether urban growth should be controlled, suggesting instead that communities should ask themselves why they want to control growth (if they do) as a first question in examining how to control. Two analysis-based views on urban change must not, however, be concealed. First, it is very easy to confuse causes and effects in urban growth. Second, it may be easy to control growth within a limited political jurisdiction, but if the locally determined objective is to control growth over a broad area, it is very easy for rigorous control of the parts to allow continued chaos of the whole. Following an introduction, the second section of this report takes up various possible objectives of urban growth control and their implications; Section Three discusses the possibilities of different kinds of control; Section Four goes into some detail on issues raised by "side effects" of attempting to control urban growth. Then Section Five addresses the question of how urban growth might be controlled. (Author/JM)

FD105026

GROWTH CONTROL:

SOME QUESTIONS FOR URBAN DECISIONMAKERS

PREPARED FOR THE NATIONAL SCIENCE FOUNDATION

ROBERT A. LEVINE

R-1419-NSF

JULY 1974

This report was sponsored by the National Science Foundation under Grant GI-29763. Reports of The Rand Corporation do not necessarily reflect the opinions or policies of the sponsors of Rand research.

Published by The Rand Corporation

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U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
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PREFACE

This report stems primarily from a body of policy analysis carried out in 1971-73 under NSF sponsorship, concerning strategies for the control of growth in San Jose, California, an area characterized by two decades of booming economic and population growth beginning about 1950.

After the San Jose work was completed, the author visited Ft. Collins, Colorado, to consult with city officials on their growth problems. He was led to the conclusion that although San Jose's specific problems could not be extrapolated to other rapidly growing urban areas, the questions posed in the course of the study could be asked fruitfully elsewhere.

Two of the San Jose studies are particularly relevant to this report:

Alesch, Daniel J., and Robert A. Levine, *Growth in San Jose: A Summary Policy Statement*, R-1235-NSF, The Rand Corporation, May, 1973.

Alesch, Daniel J., *Local Government's Ability to Manage Growth in a Metropolitan Context* (forthcoming), The Rand Corporation.

The Alesch paper, in particular, takes up many of the issues covered here in the broad context of what happened to San Jose as played against its author's planning background.

A version of this report was presented to the San Juan Congress of Cities of the National League of Cities in December 1973.

SUMMARY

Control of urban growth is typically treated by local decision-makers and citizen groups as centering around the legal and administrative tools for achieving given land use objectives. Such tools have been around for a long time; however, cases of successful urban growth control are rare and most cases that exist are recent.

This report raises a series of questions that urban managers should ask in their attempts to control growth. The answers to these and similar questions should enable them to better understand the economic and political context in which their tools must be used and make it more feasible to achieve realistic control objectives.

Is the objective to control the rate of growth or the geographic and demographic pattern of growth?

Is the objective to control growth within a single political jurisdiction or within a multi-jurisdictional area?

Control of the rate of growth of an overall area (a region with a number of counties) is so difficult that it is ordinarily not feasible. Rather, the relevant question is the non-normative one:

What is the projected economic growth rate for the entire area?

Controlling the rate of growth within a political jurisdiction (disregarding the effect on surrounding jurisdictions) or controlling the pattern of growth over a larger area are objectives that under some circumstances may be successfully pursued.

The consequences of growth control are primarily economic, dealing with both private economic effects and those on the public economy. The issues for the private economy are:

How dependent is economic prosperity upon continued economic growth, or how dependent might it become if rapid growth were to begin?

This broad question raises a number of more detailed ones.

Will slowing down the area rate of growth cause significant local unemployment and business difficulty?

How dependent upon continued growth are those economic sectors where such dependence is a particular risk?

Construction is the major sector at issue.

What benefits of growth may have to be forgone if growth rates are limited?

The next question covers benefits not now in hand but expected to be available were growth to continue. Forgoing such benefits may be almost as important to those expecting them as losing existing ones is to their beneficiaries.

Who will gain from the appreciation of land and other capital values ordinarily associated with rapid growth, and may thus forgo gains if growth is controlled?

What part of the gains will accrue to people already in the area--job holders and businessmen; what part to people coming into the area?

What share of the gains from growth (or the losses from control of growth) will go to minority and other underprivileged groups?

This crucial issue concerns both jobs and housing. In many cases, increments of new growth are expected to provide decent jobs for the first time for those who had lacked them and good housing for those who had been in rural and urban slums.

The questions with regard to the public purse are:

Do difficulties exist currently or prospectively in matching public revenues to needed public expenditures?

What are the implications for new public revenues and public costs of growth or growth control?

Finally, bringing together the other questions:

How will the economic and social consequences of growth control translate themselves into political pressures and issues?

Traditional methods of growth control include zoning, extension or withholding of urban services, and annexation or failure to annex. To these can be added certain instruments operating through the private market: (1) Chargebacks to developers and users of property, and (2) Changing existing economic incentives to growth.

Within a specific political jurisdiction, is it politically and economically feasible to limit growth rates and control patterns using legal, administrative, and perhaps economic ideas?

If the objective is to control growth beyond the borders of a specific jurisdiction:

How can cooperation be engendered among politically independent jurisdictions--most but perhaps not all desirous of controlling growth patterns, most having different ideas as to how to control them?

What can be done to counter inevitable centrifugal forces pushing each independent jurisdiction in its own direction?

By what political devices (if any) can cooperation or unified control among existing independent jurisdictions be achieved?

Such devices might include (1) simple cooperation; (2) joint planning; (3) jurisdictional mergers; (4) annexation; (5) county takeover; (6) political coalition; (7) private coalitions.

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I. INTRODUCTION

The phrase "the urban problem" taken by itself ordinarily conveys a picture of big city slums, poverty, and deterioration. In many parts of the United States, however, those are not the chief problems perceived by city officials and citizens. Rather, both day-to-day and long-run decisions are dominated by issues of rapid urban growth. Such growth can be defined in a number of ways, but perhaps the most useful is in terms of physical change--building structures where previously there were none; replacing old structures with newer, larger, or more elaborate ones. Use of the physical definition makes it possible initially to bypass some difficult questions of causality--new building is ordinarily clearly an effect rather than a cause. This report suggests that the primary cause of growth is economic (increase in available jobs) with population growth and secondary increases in population-serving jobs following, but such theorizing is a matter for discussion, not definition.

It is this growth--seemingly out of control, engendering sprawl, ugliness, and municipal costs--that has become a more critical urban issue in many areas than deterioration. In fact, rapid and seemingly uncontrolled growth in some areas and deterioration in others are not unrelated problems, as is most evident in the expanding suburbs and declining central cities of many metropolitan areas. If rapid growth throughout the metropolitan area is a problem in some places, uncontrolled suburban growth is as much or more of a problem in metropolitan regions with substantial areas of decline.

This report is intended to provide urban decisionmakers--mayors, city managers, planning directors, key staff and line officials, city councilmen--and citizen groups with a guide to some of the issues that surround the effort to bring urban growth under control. The set of issues is complex and difficult. The specific devices by which growth may be controlled--zoning, withholding of city services, for example--are the focus of much of the debate over control, but discussions confined to such devices explicitly cover only a few of the many questions

that should be addressed by those attempting to control urban growth. The debates about zoning and services may represent a much broader range of issues, but so long as these other issues remain implicit they also remain difficult to confront.

This report attempts to provide a frame of reference on the control of urban growth--a set of questions, and ways of looking for answers to those questions.* Some of the answers may be obtained by explicit analysis done by or for cities; perhaps more answers can be obtained merely by posing the questions or by evaluating the near future in the light of the recent past.

The report attempts to be neutral in regard to whether urban growth *should* be controlled, suggesting instead that communities should ask themselves *why* they want to control growth (if they do) as a first question in examining *how* to control it. The neutrality of the value judgment here, however, should not conceal two analysis-based views on urban change, both of which may appear to have negative connotations in regard to growth control.

First, it is very easy to confuse causes and effects in urban growth. Most such growth is caused by an initial economic impulse that brings about increases in numbers of jobs. These job increases in turn bring population into an area, and the increased population needs more residences. Thus, trying to control growth by controlling residential spread works on effects after the causes have occurred. Controlling the market factors causing economic growth in a major area, however, is close to impossible for a local jurisdiction.

Second, it may be easy to control growth within a limited political jurisdiction (particularly if the jurisdiction is wealthy). But if the locally determined objective is to control growth over a broad area within which a particular jurisdiction is imbedded, it is very easy for rigorous control of the parts to allow continued chaos of the whole.

Both of these views are discussed more fully below. The next section takes up various possible objectives of urban growth control and

*Most of the references having to do with initial ways of answering the questions are to Rand Corporation publications, available upon request. Each of these has a specific set of references in its bibliography.

their implications; Sec. III discusses the possibilities of different kinds of control; Sec. IV goes into some detail on issues raised by "side effects" of attempting to control urban growth. Then Sec. V addresses the question of *how* urban growth might be controlled.

II. THE OBJECTIVES OF GROWTH CONTROL

An attempt to control urban growth is likely to stem from a number of motives--not mutually exclusive. They may include: control of the presumed dollar and other costs for extension of public facilities that may be associated with rapid growth; control of various sorts of pollution of the physical environment that may be attributed to growth; aesthetic objectives--dislike of the jumbled sameness of "urban sprawl"; feared loss of the sense of community more easily associated with a small jurisdiction than a growing one; or simply a more general conservatism interpretable as a taste for the way things are now, and a fear of unknown change.

The mix of general motivations may be translated into some specific questions about what is to be controlled.

Question: *Is the objective to control the rate of growth or the geographic and demographic pattern of growth?*

The rate is an issue of *how much* and *how fast*; the pattern is an issue of *where*, *what*, and *whom*. Rate and pattern are closely related--a slower rate will make it easier to control the pattern, for example; and conversely, some attempts to control the pattern of growth may affect the rate. Nonetheless, the distinction is important because, as will be suggested in the next section, patterns may be easier to control than rates.

Question: *Is the objective to control growth within a single political jurisdiction or within a multi-jurisdictional area?*

This question is not entirely independent of the rate vs. pattern question. Depending upon the definition of subareas, controlling the rates of growth within these subareas may be synonymous with controlling the pattern of growth for a larger area. Defining the subarea as a political jurisdiction, however, means that political control over growth is possible, though multijurisdictional control within an overall area will remain more difficult.

For the most part, answers to these questions must be obtained by political introspection--the normal process by which elected officials evaluate their own value judgments and the presumed needs and desires of their constituents. Those responsible officials charged with making decisions over growth control should ask themselves just what it is that they want to get for their cities from such control: Is it a slower rate or is it a different pattern than would occur without control; is it control of living conditions within the jurisdiction or a desire for a broader kind of control difficult to achieve by the decisionmakers in question acting alone? They should analyze not only their own objectives but the objectives of those individuals and groups pressing for control. Certainly it is in the political interest of an elected official to avoid policies based on a misapprehension as to what his constituents want from "control."

Any official desiring to be effective in policy and politics needs to be fairly clear as to what he and his constituents are after. One analytical device that may assist the political process is a survey to elicit underlying citizen attitudes about what they want to get out of their lives in the city. This is not a political survey asking electoral opinion about specific growth-related issues before the decision is made. Nor is it the kind of general attitudinal survey too frequently taken that ends up with answers like, "Yes, indeed, we certainly like blue sky." Rather, techniques have been developed to enable decisionmakers to find out how different segments of their constituencies may weigh the aesthetics of sprawl and the changing sense of community against convenience of public and private facilities, employment opportunities, pollution, and, of course, taxes and other costs.* The usefulness of such surveys stems from the fact that the most voluble constituent pressures may not be based on the most representative value judgments. Not only is this true of electoral constituents as such, but it may also be true of the value judgments of city planners who are almost always central to attempts to control growth and who frequently base their efforts upon values and tastes that reflect professional rather than public judgments. To the

*For discussion of some techniques, see F. Christen, *Citizen Preferences for Home, Neighborhood, and City in Santa Clara City*, The Rand Corporation, R-1227-NSF, August 1973.

extent this is true, it may be useful for responsible decisionmakers to know and understand it. Although individual constituent attitudes of the sort analyzed by such a survey seldom govern the process of public decisionmaking--the political process mixes them well with the decisionmakers' own views and the pressures of various interest groups--they are never irrelevant, and it should be useful for officials to take these constituent views into account.

III. POSSIBILITIES FOR CONTROL OF DIFFERENT SORTS OF GROWTH

Perhaps the most difficult growth control objective is limiting the overall *rate* of growth in a metropolitan or regional *area*. This rate is largely determined economically by market forces that set the rate and level of industrial and commercial business activity in the area; these forces seldom can be controlled by local policy. A common fallacy about controlling areawide growth rates is that devices limiting the number of residences will limit growth. As will be noted, such devices may limit the residential growth of any jurisdictional subarea, but at any given rate of economic growth, they work only by moving residences to other jurisdictions within the same general area. Such movement does control growth rates within the jurisdictions or growth patterns in the overall area, but it does not limit areawide growth rates. If suburban control is the defined objective, this is fine, but, as has been noted, this objective is frequently confounded with areawide control of growth rates.

The reason for the failure of local residential controls to have much effect on areawide growth rates is that changes in the need for homes in an area are controlled largely by migration into and out of that area. (Natural population changes through births and deaths are far less volatile in the short run.) In the United States, migration *into* an area, the typical cause of rapid growth, is primarily caused by increases in job opportunities in that area.* If jobs increase, people will come in to take the jobs; and within our constitutional system, nothing may be done to keep people out.** People must live somewhere, and one way or another residential opportunities will open up within an area of job growth. The typical growth sequence shows jobs opening up because of factors beyond local control--national-market-based

* See, for example, P. Morrison, *Population Movements and the Shape of Urban Growth: Implications for Public Policy*, The Rand Corporation, R-1072-CPG, August 1972.

** The court of primary jurisdiction has so ruled in knocking down the attempt of Petaluma, California, to limit new residences to 500 a year.

opportunities for firms that see an advantage to carrying on activity in the area in question. Then the population increases because of the job opportunities, and more jobs open to serve the new population. The only real way to control this process is to limit the initial job increase impetus. It is frequently possible to control such increase within subarea jurisdictions; controlling the economic growth of a *region*, however (limiting it or, as is the more frequent objective, increasing it), involves intervention in fundamental economic factors, and that has very rarely succeeded. The question to be asked concerning areawide growth rates, then, is not whether they can be controlled, rather:

Question: *What is the projected economic growth rate for the entire area?*

If area growth rates are taken as objective magnitudes to be *projected* rather than objectives for policy *control*, good projection of such growth rates becomes a very important input into planning for feasible kinds of growth control of subarea rates and areawide patterns. The means for obtaining such projections can vary from the formal and "scientific" to the informal. Various projection models are available or are being developed.* Depending upon the precise kinds of information needed for the local situation and the time horizon for which the projection is desired (projections for more than five to ten years are not very likely to be meaningful in any case), they may be obtained and adapted for local purposes. However, the concept behind all of them has been enunciated above: Regional economic growth is largely a function of industrial growth, which is determined by demand in national markets. In many areas, it is fairly easy to obtain such projections on a rough and ready basis. For instance, banks, public utilities, and industrial development firms must make these projections for their own purposes.

Control of area growth rates is so difficult--verging on complete infeasibility--that projection rather than control is the appropriate strategy for local policymakers. Conversely, experience suggests that

*See, for example, D. Relles and L. Day, *A Distributed Lag Model of Employment Levels in Seattle*, The Rand Corporation, R-1329-NSF, July 1973.

the rate of growth in a single jurisdiction can be controlled. By zoning and other devices, local communities can limit the number, type, and cost of residences and industries; they can limit or exclude various kinds of development, although this may simply push "undesirable" development into another community in the area. Whether this should be done is a matter for political judgment. Even so, the cost of limiting growth within a jurisdiction can be estimated (such estimates are discussed below) and entered into the process of choice.

Precisely because the main ingredient in the feasibility of sub-area control is subarea independence--making it possible to push problems out--metropolitan growth *patterns* are not easily controlled. Controlling areawide growth patterns implies imposition of those controls from above by higher levels of government, or cooperative action of these independent jurisdictions. Either one is very difficult to obtain.

Is control of area patterns possible? Maybe, with a lot of qualifications. Control of metropolitan growth patterns appears to be the objective most frequently intended by those who want to control urban growth. How to do this is treated in some detail in Sec. V. The next section asks questions designed to elicit examination of "other" consequences of various growth objectives.

IV. THE CONSEQUENCES OF GROWTH CONTROL

Most of the issues discussed here are economic; answering questions about them may use the kinds of growth projections discussed above. For two reasons, this section assumes more potential for limiting overall rates than implied by the suggested difficulty of changing regional growth rates. First, presumed effects of control of growth rates frequently enter the policy dialogue *as if* such rates were quite controllable, and thus the issue requires some discussion. Second, *attempts* to control growth rates may have barely perceptible effects on the rates themselves, but they may nonetheless cause economic side effects similar to those that might stem from real control.

The following three subsections raise questions concerning possible effects of growth control on the overall private economy of the area being controlled; distribution among various members of the community of the costs and benefits of growth and attempted control; and possible effects for *public* revenue and costs.

OVERALL CONSEQUENCES FOR THE PRIVATE ECONOMY

Question: *How dependent is economic prosperity upon continued economic growth, or how dependent may it become if rapid growth were to begin?*

If increased control of growth is being contemplated in an area where growth is now rapid, and if economic prosperity is dependent upon this growth, then limiting the rate of growth may retard or destroy the economic prosperity. However, if rapid growth is projected and the hope is to limit the rate of growth when it does take place, initial limitation may prevent the start of a cycle in which prosperity becomes dependent upon further growth.

More specific questions are:

Question: *Will slowing down the area rate of growth cause significant local unemployment and business difficulty?*

If many jobs are dependent upon continued growth, limiting growth rates may cause people to lose jobs; if retail and other business expenditures have been made in anticipation of continuing growth that is not forthcoming because of limitation, businesses may go bankrupt or get into other difficulties. This sort of situation may come about in a number of ways, some involving the lags with which personal and business decisions are made. If wage earners and their families decided to come into an area because the area is believed to be a prosperous one with the number of jobs increasing each year, and if growth limitation reduces this increase without fast transmission of that information to prospective entrants, then some of these entrants may end up without jobs they reasonably expected and the area will suffer an increase of unemployment. Similarly, if business developers--particularly in the retail and service trades--anticipate demand that fails to take place because of policy limitations, the sales that justify the new development may not be forthcoming and business difficulties will ensue. Because business development is ordinarily anticipatory and requires various sorts of advanced commitment, this may be a substantial risk. One way to start answering questions like these may simply be to ask local businessmen and employers of new increments of labor what the basis is for their anticipations and then compare the sum of these anticipations with the economic projections made under local growth control policies. Any substantial discrepancy is likely to lead to trouble. The implication of such discrepancy, however, is not necessarily that growth control should be avoided; rather, it may be to improve the information flow.

Question: *How dependent upon continued growth are those economic sectors where such dependence is a particular risk?*

This second aspect of private economic dependence upon growth directs attention to specific economic activities strongly associated with growth. The best example here is the construction industry. Many construction jobs in a growing area depend on new building. This differs, for example, from the retail food industry where sales depend

primarily upon purchases by people already there. A 5 percent increase in the population of the area may increase food sales by 5 percent, but it could increase construction by 100 percent as new houses are required for many new residents. Similar to construction in this regard are the real estate industry and parts of the finance sector. However, dependence of these sectors upon new increments of growth need not be absolute or even very strong under all conditions. The construction industry not only builds new structures but replaces and maintains old ones; real estate and finance are concerned with trading back and forth as well as facilitating new building. That is why this should be put as a question for any specific area: For this area, what portion of jobs and economic activity in these industries depend on building for new increases and thus upon growth; what portions depend on building to keep up what is already there? Information on this issue may be obtained by direct discussion with industry sources, or by analysis of local industry data.

Question: *What benefits of growth might have to be forgone if growth rates are limited?*

The previous questions assumed that people and businesses already in the area (or inevitably coming into the area because of information lags) might lose something they already had, because of growth limitation. Here the question is whether they might not get something they expect to get. Setting aside the possible question of whether a public decisionmaker *should* care about forgone private gains, those who may forgo such gains will care and the issue is thus likely to enter the decisionmaking calculus. The owner of a small chain of drug stores, for example, might be doing reasonably well and might continue to do so at any growth rate greater than zero. But he might expect to become rich by extending his chain through a growing area, and the failure of growth might force him to forgo this opportunity. This example is relatively easy to generalize; it extends beyond such industries as construction where ongoing activities may be closely related to growth. It applies to most local retail and service industries, and indeed both to those people and firms currently in place in those industries and to

those (from inside or outside the area) who might hope to enter them under conditions of rapid growth but will not be able to if growth is severely limited. Information here may again be obtained from direct discussions (although such discussions will have to cover a much wider variety of sources than in the construction case) or by economic analysis of the sort mentioned above.

Questions like this lead to the next category of issues concerning the side effects of growth control.

DISTRIBUTION OF CONSEQUENCES AMONG PARTICIPANTS IN THE PRIVATE ECONOMY

Question: *Who will benefit most from growth and be hurt most from its limitation?*

The specific questions here revolve around the issue of whether the economic benefits of growth are likely to be widely or narrowly distributed. Wide distribution of the economic benefits may have the favorable side effect of increasing economic and social equality and mobility in the area, and limiting growth may limit this favorable effect; narrowly received benefits may increase inequality and reduce mobility. Asking who does and does not benefit from growth and who loses or gains from control requires a somewhat complex series of sub-questions.

Question: *Who will gain from the appreciation of land and other capital values ordinarily associated with rapid growth, and may thus forgo gains if growth is controlled?*

This issue concerns the pattern of growth as well as its rate. If increased rates of growth increase average land values, control of these rates will limit the gains. Perhaps less obvious is that changing patterns will also limit gains for some and perhaps increase them for others. One way of finding out who will gain and who will lose from control of rates or patterns of growth may be simple examination of who is fighting on which side. Recipients or potential recipients of land value increases presumably know their own interests rather well, and it may be useful to examine this question through their eyes.

The next questions concern who will gain from the increase in economic activity associated with growth.

Question: *What part of the gains will accrue to job holders and businessmen already in the area; what part to people coming into the area?*

Growth control decisions will be made by area residents and those who represent them at the time of the decisions, and the stress is likely to be on the benefits to themselves. Inevitably, however, a substantial portion of the benefits of growth will go to those coming in to share those benefits. From a "big picture" standpoint, those coming in may be as worthy as those already there, but so long as decisions are made on the local level it does not seem unreasonable for citizens to consider themselves first. Estimates of the share of benefits going to existing constituencies should therefore be quite germane to growth control decisions. Who will get the jobs will depend upon the match between the new jobs (which can be projected, as noted above) and skills currently present. Who will run the businesses is information that may be available from local businessmen and developers.

Question: *What share of the gains from growth (or the losses from control of growth) will go to minority and other underprivileged groups?*

This question should be asked in terms of both jobs and housing. In the recent history of urban growth, minority groups have benefited substantially in some areas because growth has opened jobs in construction and other industries that are disproportionately the beneficiaries of such growth. However, this has not been the case everywhere, and those concerned with growth in a specific area should ask whether limiting this growth may limit the opportunities of those most in need of such opportunities. More generally than just in the case of construction, opening opportunities for groups generally lacking opportunities is normally much easier in times of growth. It is a fact of life that new increments of jobs, wealth, and so on are far easier to share than existing stocks of these amenities; in the latter case, sharing means

somebody giving up something one already has. The question, then, is whether growth control will hit those most in need.

The questions about housing are parallel. Will the control of growth rates or patterns raise the costs of housing and the difficulty of building new units to the point where housing in the area is mostly for the rich? There is no doubt that this is a possible outcome, and in some places it has been a desired one. The typical instrument here is large lot zoning--a form of growth control that as an incidental effect (sometimes not so incidental) turns the community into an exclusive preserve of the well off. Again, growth controllers should ask whether this kind of exclusionary effect is a likely result of suggested control policies. Information here can be obtained in part from those who deal professionally with real estate market projections. It would also be well for urban decisionmakers to consult with members of the groups at risk and obtain their perceptions as to what is happening (or is hoped or feared will happen) with their groups.

CONSEQUENCES FOR THE PUBLIC PURSE

Question: *Are there current or prospective difficulties in matching public revenues to needed public expenditures?*

Because growth is often promoted in the name of providing more revenues for public bodies, one reasonable question is whether, before growth occurs, revenues fall significantly short of needs for supporting public services, or whether there is a strong expectation that this might happen in the near future. Of course, there is always some stringency in meeting public needs, and most people believe this is the way it should be. But before one should accept an argument that growth control would limit the ability of governments to support public services, it does seem reasonable to ask whether this ability is currently badly out of balance.

Question: *What are the implications for new public revenues and public costs of growth or growth control?*

This is a key problem for public authorities considering growth

control programs, and it is a terribly knotty one. It sometimes seems possible to prove almost anything about the revenue and expenditure consequences of new development. There is no general case. The answers for any locality will depend upon its tax and spending patterns. A jurisdiction depending upon property taxes will feel very different consequences of growth control from one with a local income tax; a jurisdiction in which projected growth is likely to be residential will have different consequences from one expecting industrial growth; a jurisdiction that supports its own schools will vary from one whose children go to schools under an independent school district.

These last two jurisdictional questions raise another issue: The tax and revenue consequences of growth or growth control decisions ordinarily affect many more public bodies than the one making the decision. A growth or growth control decision by public officials of a primarily industrial enclave will have strong revenue and expenditure effects on nearby residential communities; a decision by a general government jurisdiction will affect the revenues of an overlapping school district. In the first case, perhaps it is reasonable for decisionmakers of the industrial jurisdiction to decide in the interest of their own constituency and not worry about the effects on adjoining independent areas. However, school district taxpayers are in large measure the voters within the general government jurisdiction, and it would seem unwise for decisionmakers to ignore decision effects on school taxes, even though these are levied by other bodies.

This issue of revenue and cost implications of growth and growth control is central enough that it is worth doing specific and sophisticated analyses of likely consequences of such decisions. Such analysis should cover not only immediate changes in costs and revenues, but changes over time. These analyses should cover not only the development being contemplated but also additional development stemming from the sequence discussed above, of initial jobs, new population, new service jobs. There is no cut and dried answer to the public revenue-cost effects of new development. Perhaps the best hint that can be given here is that it is important to look at the sequence over time;^{*} immediate economic

^{*} See, for example, J. Sumner and A. Bonner, *Design for an Urban Services Resource/Cost Model*, The Rand Corporation, R-1245-NSF, June 1973.

benefits almost always seem to flow from new development, but it is possible that these will put a mortgage on the future.

EFFECTS OF GROWTH CONTROL

Question: *How will the economic and social consequences of growth control translate themselves into political pressures and issues?*

The previous questions in this section were posed as much as possible in nonpolitical terms. Those charged with making decisions on growth control obtain answers to questions of benefits and costs in order to guide their own decisionmaking. However, it would be naive in the extreme not to recognize that where a benefit or cost is set up for an individual, firm, group, or public agency, it is very likely that a positive or negative political pressure will also be set up. It would not only be naive, it would run contrary to democratic beliefs to contend that growth controllers should ignore these pressures and do only what they think "right." The summary question for this section, then, is: *Given the political consequences of the social and economic consequences of growth control decisions, how much real decision space will be left for public officials interested in controlling growth?* Substantial evidence from many parts of the country indicates that political possibilities for real growth control are limited; control efforts hardly ever work in the ways hoped for by their advocates and most of the time they have not worked at all. In some places, of course, limitations have had some of the desired effects, particularly if the primary objectives have been control within a single jurisdiction of a larger area.

V. HOW CAN GROWTH BE CONTROLLED?

This section assumes that control of growth, in some aspects, is both a desirable objective and a feasible one. In asking "How," the section is not primarily concerned with legal and administrative devices for control of growth. These devices exist in every part of the country. Most are already known to urban decisionmakers, and they have a literature of their own. An object of this section is to assist in analyzing the setting in which they may operate or fail to operate effectively. The devices include:

- Zoning, which in principle could be used as an exclusive growth control device, were it used effectively. The fact that it is seldom used effectively for growth control is basic to this set of questions.
- Extension or withholding of urban services. While not a perfect device--in many parts of the country failure of a municipality to extend services to a new area may result in incorporation of that area to provide its own services--this control over service extension may work well under a variety of circumstances (e.g., in California, where state law now inhibits competitive incorporation).
- Annexation or failure to annex. This is further discussed below as a means of obtaining the unified areawide control. Here it is important to distinguish between annexation as a real control over physical, social, and economic growth patterns, and annexation that merely controls the shape of a jurisdiction on a map. These two are too frequently confused; it is difficult to see why anyone would care what a jurisdiction looks like on a map; gerrymandering may provide one reason, but gerrymandering of legislative districts, for example, can cross jurisdictional boundaries. Yet criticisms of "urban sprawl" in some areas concentrate on the spread and shape of particular jurisdictions and tend to ignore the relationship, if it exists, between this

and the physical and social patterns, which form a more legitimate object of concern.*

Mention should be made here, in addition, of two other but perhaps less familiar instruments for growth control. Both are based largely on the economics of growth:

1. *Chargebacks to developers and users of property.* The idea of charging part or all of the costs of new development to developers and through them to the users of the developed property is not a novel one. In many cities it is thought of as a device for raising revenues to cover some of the public costs of new development; it is also considered a device in equity, designed to charge costs of development to those obtaining the benefits of that development. These seem good reasons for an urban jurisdiction to consider such chargebacks, mounted through taxes or assessments (although, on the equity question, if such charges are not imbedded in the history of the jurisdiction, those paying them at the outset of such a program may ask, "Why us first, when everybody who arrived here earlier got a free ride?").

Such chargebacks may also be used as growth control devices with great effectiveness. Their potential is based upon the proposition that urban growth is very difficult to control because the impetus for such growth lies in private economic motivations acting through markets, and such motivations ordinarily exert great economic and political pressures difficult for public bodies to resist.** It would then follow that devices designed to affect economic actions by changing economic motivations could potentially share at least some of that power. One way to change motivations is to change the price and cost structure from

* Much of the criticism of "urban sprawl" in the area of San Jose, for example, has been based on the very rapid growth of that city over two decades. Yet the history of that area makes clear that, had the city not grown, a similar or even more sprawling and jumbled pattern would have resulted within the metropolitan area. See D. Alesch and R. Levine, *Growth in San Jose: A Summary Policy Statement*, The Rand Corporation, R-1235-NSF, May 1973.

** See, for example, R. A. Levine, *Public Planning: Failure and Redirection*, Basic Books, Inc., New York, 1972.

which the profits that induce economic activity stem. Charges to developers are one type of change in price and cost structures.

Some of the potential power of such devices arises from the fact that chargebacks can be extended to cover costs beyond the tangible charges to the public purse that come from new development. It is easy enough to recognize that these tangible costs should be charged. But many costs of growth are intangible, or at least are hard to measure in explicit dollar terms. Pollution and congestion, for example, can be considered costs. The ugliness perceived by many in "urban sprawl" are similarly intangible, yet they are real burdens upon people not receiving the benefits of new development (as well as some who are), and it may be argued that such burdens can be legitimately charged to the beneficiaries as are dollar costs for school and police services. If this argument is accepted, it raises the possibility of increasing development charges to the point where they would provide a very great constraint upon new development.

2. *Changing existing economic incentives to growth.* It has been suggested that although economics provides most of the incentives toward rapid growth, many of the economic phenomena in question are not within the realm of local control. Certain local policies, however, provide additional incentives, and some of these may be reversed. The chief example here is local property tax assessment, where the value of taxable property is assessed at its "highest and best use." This means that a piece of property on an urban fringe--currently devoted to agriculture, for example--may be considered by an assessor to be in the path of potential residential or industrial development and thus to have a far higher value than is indicated by the income from its farm produce. Taxing this potential value, as is required by law in many areas, means that the property owner can no longer afford to hold the land in agricultural use. If the desire of growth controllers is to manage development patterns in an area so that "high use" land parcels are interspersed with open spaces for aesthetic or recreational purposes, then this tax practice is perverse. Attempts to change it have proved difficult, however. In California, for example, the Williamson Act, which allows property owners to be taxed at lower existing use values if they promise to keep the land in existing

uses for ten years, has mainly provided a way for land holders to keep their taxes down until they are ready to sell, paying tolerable penalties upon this sale for higher uses ahead of the scheduled time. Nonetheless, localities desiring to control growth patterns should examine ways of neutralizing the perversity of present practice.

These two examples indicate the possibility of a series of potential economic control devices that may be added over time to the existing legal and administrative devices for control of urban growth. However, key questions concern not what devices may be used but the conditions, particularly political and bureaucratic conditions, under which they may be used.

The categorizations laid out initially become particularly important. Questions concerning "how to" control growth, the distinctions between control of growth rates and growth patterns, and control of growth within single jurisdictions versus over whole areas become crucial.

Controlling growth rates for an entire area is very difficult, verging on impossible. Areawide growth rates provide questions for projection rather than objects for control. I assume here that the overall prediction for the growth rate is positive enough to exert heavy pressure on growth patterns in the area; otherwise, growth control issues begin to disappear. The questions, then, concern control of areawide growth *patterns* and control of growth rates within individual jurisdictions.

Question: *Within a specific political jurisdiction, is it politically and economically feasible to limit growth rates and control patterns using legal, administrative, and perhaps economic devices?*

The answer to this is frequently, "Yes." Many jurisdictions have controlled their own growth, using zoning and allied devices. Palo Alto, California, for example, has preserved the beauty of the hills that overlook Stanford University and the rest of the city. Other jurisdictions, throughout the country, have used large lot zoning and related devices to maintain their comfortable residential character (and their social homogeneity). In some communities, zoning has been used to encourage

industry in some neighborhoods for revenue-raising purposes, and large lot residences in other neighborhoods (supported in part by this industry) with zoning used to exclude less expensive residences that might otherwise house the workers within the industries that pay the taxes that support the jurisdiction.

Some of these devices are under challenge in the courts. But even if exclusionary zoning is upheld, such devices can be made effective only in certain limited cases. Palo Alto *does* contain Stanford, and that makes a major economic and political difference; some exclusionary communities have--perhaps fortuitously--an existing base that supports the politics of preservation. Whether "just" or not, such possibilities are not available for most jurisdictions.

Under some circumstances at least, single jurisdictional control of growth rates and patterns is possible, even without very inventive devices. But this is atypical and avoids what finally becomes by far the most common issue of growth control--control of patterns of growth in urban areas consisting of many large and small jurisdictions. This is the typical jurisdictional structure of most rapidly growing American areas, whether entire urban areas or suburbs of static or declining cities. Although for some insulated enclaves within such areas local control may be the primary objective, for many control-oriented officials and citizens of such an area, areawide control of growth patterns is really what is meant by "control of growth," limitation of "urban sprawl," and similar phrases.

For this major class of growth control issues, two major problems can be formulated as questions:

Question: *How can cooperation among politically independent jurisdictions--many perhaps desirous of controlling growth patterns, and with different ideas as to how to control them--be engendered?*

Question: *What can be done to counter inevitable centrifugal forces pushing each independent jurisdiction in its own direction?*

Such forces may include competition for property or sales tax base; they

frequently include the desire of officials to preserve independent political power.

This phenomenon of independent jurisdictions motivated in some ways to cooperate but with different ideas and with substantial motivations not to cooperate is standard through the United States. To complicate matters even further, the confusion itself is of substantial advantage to some interests. Those who make money out of land development, for example, may face potential limits on their attempts to develop when and where they want. But given areas consisting of independent jurisdictions and assuming developer indifference as to which side of a municipal boundary line they build on, developers can, and typically do, play jealous and competitive jurisdictions off against one another and get approximately what they want. Officials determined to stop growth in one jurisdiction will see it go up next door, with the taxes paid by their citizens solving the revenue problems of other officials. Taking this as the basis, then, the real question for growth control becomes:

Question: *By what political devices (if any) can cooperation or unified control among existing independent jurisdictions be achieved?*

A number of such political devices may be at least conceivable.

1. *Simple Cooperation.* The implication throughout this report is that the economic and political forces against cooperation induced by good will alone is very unlikely. This may not apply to every growth control issue in every urban area, but those desiring growth control must ask themselves if such cooperation is really feasible. Thus far historically, exhortation for cooperation has been the device upon which most growth control efforts have been planned; they have not worked, most of the time.

2. *Joint Planning.* This might be considered another variety of simple cooperation. As a voluntary device or, more important, as a device whose jointness is limited to planning with implementation left to individual jurisdictions, it is as likely to fail as any other voluntary cooperative effort. Under carrot and stick incentives created by federal policy, local Councils of Government have proliferated

throughout the country and have planned together. But they have not frequently carried out zoning or other forms of implementation jointly, and their effect in controlling growth patterns has usually been negligible.

There is a need for a single locus for implementation power if growth control over a metropolitan area is to be effective. The remaining devices move in this direction.

3. *Jurisdictional Mergers.* These can range from thoroughgoing metropolitan government in which previous jurisdictions simply merge their identity into a new one, down to various sorts of special purpose mergers. Special purpose efforts, however, may complicate many other problems. A flood control district, for example, may make flood control more efficient, but by creating land for new development it may make growth control more difficult. Similarly, a single areawide zoning district might make control of area growth patterns possible, but it might exacerbate many other problems. In any case, if a merger solution less than full metropolitan government is seen as a possible direction, such merger would have to provide unified control over at least two functional areas. Zoning and allied control devices may be obvious; but unified collection of revenues for use throughout the relevant areas may be less obvious and even more important, because such a unified revenue system would mute one of the basic incentives to competition of public officials in different jurisdictions.

4. *Annexation.* As noted above, spread of a political jurisdiction is not synonymous with sprawling physical, social, and economic patterns. If the political pressure in favor of control is strong within the dominant jurisdiction of the area, and if state law and the existence of annexable (presumably unincorporated) land on the periphery of this dominant jurisdiction allow, then annexation may provide a way of creating the single locus of implementation power that could really control growth on an areawide basis. The necessary conditions for effective annexation are restrictive, but they do exist in some places.

5. *County Takeover.* An alternative possibility to annexation, defined as takeover by the dominant municipality, would be takeover of zoning, revenue, and other powers by county government where the area

to be controlled is within a single county. It would be feasible, for instance, in a largely rural area where growth in one or more small jurisdictions is beginning, where the desire to control growth exists early on, and where the power of local municipal officials is not yet jealously guarded.

6. *Political Coalition.* Objectives that seem difficult to achieve within fractionated legal and administration structures may be more easy to reach by use of a unified political structure. In some big cities in the United States, for example, the local political machine controls enough of the power in ostensibly independent jurisdictions to control most of the policy outcomes. This is not a suggestion for old style machine politics as a solution to growth control problems in rapidly growing areas. It does suggest that if the political forces behind growth control are strong enough, they may be able to unite formally or informally within the structure of a political party or coalition that crosses jurisdictional boundaries more easily than they can within the legal structure broken up into many jurisdictions.

7. *Private Coalitions.* In some areas of the country, notably Hartford, Connecticut, attempts are being made by coalitions with both substantial public backing and major private financial commitments to control growth patterns by buying up strategic land for potential growth and laying out patterns by right of ownership. In Hartford, the attempt is to control the entire areawide pattern, including both the central city and the suburbs. Although it is too early to evaluate the effectiveness of this fairly new mode, depending upon the strength and size of the commitments, its potential may be substantial.

* * *

From this brief listing, a new issue begins to emerge. A number of the possibilities listed--jurisdictional merger, annexation, county takeover--are likely to require action by state government. At a minimum, such action might be permissive, *allowing* the sort of joining together of local jurisdictions that is ordinarily controlled by state law. At a maximum, a state could mandate a particular structure of

governmental jurisdictions within a specified area. In addition, and perhaps even more important, state action can change some of the revenue and other incentives that hinder joint efforts at growth control. The issue of "highest and best use" tax assessment has been mentioned; more generally, state attempts at local revenue equalization may constrain local competition for tax base.

State action is an essential ingredient. Even for communities wanting to cooperate with one another in controlling growth, a jurisdictional structure likely to create independent centers of power may be an obstacle to such cooperation that can be overcome only with the state level. In addition, if there is any hope for control of areawide economic growth rates, this hope is at the state level. Such efforts are being made in a number of states, notably Oregon; their ultimate effectiveness cannot yet be evaluated.

Some form of state action will be a necessary condition for effective areawide growth control. In many cases, it will still not be sufficient. Both the rate of growth and the pattern of growth are subject to strong economic pressures frequently acting through politics. It has been suggested that these pressures make areawide control of the rate of growth impossible; they make control of the pattern of areawide growth difficult as well. And even if jurisdictional problems are overcome, the pressures will continue to exist. Overcoming the jurisdictional problems will make it easier to resist economic pressures but will not by itself guarantee the control of growth.

Many of these pressures are generated by and within private economic markets and would be difficult to change without changing the entire economic system. National economic policies, however, exacerbate these and add their own pressures. For this reason, those wanting to control growth at the local level must look not only to the state but to the federal government. A single locality cannot try to change federal policy to ease its own problems of controlling growth, but government control is a common and increasing problem for urban areas throughout the nation. And to the extent the federal policy makes it difficult, one response is for joint urban action to change federal policy. This

has been increasingly recognized by municipal organizations.*

The major overall implication of this report has been that growth control in and by local areas is very difficult, requiring action not only within local jurisdictions, but also joint actions among jurisdictions if control is desired beyond single jurisdictional boundaries. This includes action at the state level and even joint action at the national level. The task of local growth control is not an easy one. The recommendation here is not that efforts toward such control be abandoned as utopian. Rather, it is that the objectives of control discussed in the first part of this report be reexamined in light of the consequences of control and the methods of control discussed later on, so that objectives and efforts be put on a consistent and feasible basis.

* See, for example, Resolution No. 32, Forty-First Annual Meeting, United Conference of Mayors, San Francisco, California, June 20, 1973, which notes the constraints of local management imposed by federal policies on housing, transportation, taxation, procurement and facility location, economic and monetary management, and social welfare and suggests unified pressure by cities to make changes they consider desirable.